

STATE OF VERMONT
PUBLIC SERVICE BOARD

SPECIAL CONTRACT APPROVAL

Re: S.C. #955

The contract for ELECTRIC service between **Vermont Electric Cooperative, Inc.** ("**VEC**") and **Smugglers' Notch Management Company, Ltd.** ("**Smugglers' Notch**" or "**Customer**") for the period beginning October 15, 2011, and continuing through October 14, 2013, under the conditions set forth in the Contract and set forth herein, is hereby approved, as provided by Title 30, Section 229 of the Vermont Statutes Annotated.

Under the contract, VEC would provide service to Smugglers' Notch for snowmaking and resort-related operational purposes. The kWh charge is based on the market price of power and ancillary services. This proposed special contract replaces Special Contract No. 874. There are only two changes to the existing agreement. First, the term "Capacity" is substituted for "Installed Capacity (ICAP) and Locational Installed Capacity" in order to conform with the terminology used by the Independent System Operator-New England ("ISO-NE"). The capacity/ICAP charges formula is unchanged. Second, the fixed monthly service charge in the contract has been increased to reflect the rate increases that VEC has implemented since 2009.

VEC also filed a report from Efficiency Vermont dated July 14, 2011, which detailed several completed efficiency measures undertaken by Smugglers' Notch beginning in 2008 through July 14, 2011. Smugglers' Notch is currently working with Efficiency Vermont on three additional projects.

On August 24, 2011, the Vermont Department of Public Service filed a letter with the Public Service Board ("Board") stating that it had reviewed the terms of the Special Contract and recommended Board approval without investigation or hearing.

In our approvals of other special contracts, the Board has required that the utility demonstrate that the special contract customer is participating to the fullest extent possible in cost-effective energy efficiency programs. Such programs provide benefits both to the customer and to the utility system as a whole. Our approval of this Special Contract is conditioned on a requirement that Smugglers Notch participate in the relevant energy efficiency programs offered by Efficiency Vermont to the fullest extent possible. Approval of this contract is also

conditioned upon the requirement that VEC, on behalf of Smugglers' Notch, shall file a progress report on demand-side management ("DSM") activities at the time of any request for contract renewal which shall include (1) a description of individual DSM projects completed during the year, (2) an estimate of energy and demand savings for each project, (3) the dollar amount invested in each project, and (4) a description of DSM activities planned for the proposed contract period. In addition, all electric service purchased by Smugglers' Notch shall be subject to the energy efficiency charge as approved by the Board, and as may be modified during the period of the contract.

Our approval of this Special Contract reflects our overall judgment that, as conditioned, it meets the strictures of 30 V.S.A. § 229. Except as specifically conditioned, our approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or are not, cost-effective for the contracting customer or otherwise in the contracting customer's best interest.

VEC shall provide a copy of this Board approval to the contracting customer within ten days of this Order.

DATED at Montpelier, Vermont, this 22nd day of September, 2011.

<u>s/ James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/ David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/ John D. Burke</u>)	

OFFICE OF THE CLERK

Filed: September 22, 2011

Attest: s/ Susan M. Hudson
Clerk of the Board